

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 298270

64

ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 FMC-01 STR-04 L-03

CIAE-00 DODE-00 DOTE-00 INR-07 NSAE-00 CG-00 OFA-01

DLOS-04 TRSE-00 /034 R

DRAFTED BY EB/TT/MA:SVSMITH:EW

APPROVED BY EB/TT/MA:RKBANK

MARAD:SPARDUE

FMC:FSHREVES

ARA/LA/BC:RSDRISCOLL

----- 090062

P 182131Z DEC 75

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO PRIORITY

LIMITED OFFICIAL USE STATE 298270

E.O. 11652: N/A

TAGS:EWWT, CI

SUBJECT: DISCRIMINATORY SHIPPING DECREE

REF: A) SANTIAGO 8408 B) STATE 272393

1. SUMMARY. PRUDENTIAL LINES' VICE-PRESIDENT, L. VIADA, PHONED DEPARTMENT DEC. 16 TO EXPRESS HIS IMPATIENCE THAT NO PERMANENT SOLUTION YET IN VIEW TO CHILEAN DISCRIMINATION. USG ALSO CONCERNED AT LACK OF TANGIBLE EVIDENCE THAT GOC INTENDS TO PERMANENTLY END THIS DISCRIMINATION. END SUMMARY.

2. VIADA PHONED DEPARTMENT DEC. 16 WITH HIS LATEST INFORMATION FROM GORMAN, PRUDENTIAL'S MAN IN SANTIAGO. MUCH OF VIADA'S INFORMATION PARALLELS THAT PROVIDED REF A. HOWEVER, VIADA REPORTS ADDITIONALLY THAT TEMPORARY SOLUTION
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 298270

HAS BEEN FOUND TO ALLOW PRUDENTIAL TO LOAD SANTA CLARA ON

OR ABOUT DEC. 19 WITH FRUIT AND PRODUCE DESTINED FOR U.S. VIADA, UNDERSTANDABLY, IS IMPATIENT, AND IS PESSIMISTIC THAT PERMANENT SOLUTION WILL BE REACHED SOON. VIADA POINTS OUT THAT WAIVER ISSUED TO PRUDENTIAL FOR CARRIAGE OF FRUIT ABOARD SANTA CLARA WAS ISSUED UNDER THE EXISTING CONDITIONS OF CHILEAN DISCRIMINATION ON GROUNDS THAT NO CHILEAN VESSEL WAS AVAILABLE TO CARRY THE CARGO. VIADA

REPORTS THAT PRUDENTIAL HAS RECENTLY BEEN DENIED 17 WAIVERS FOR OTHER CHILEAN EXPORT CARGOES. VIADA'S IMPRESSION IS THAT WHETHER OR NOT MINISTRY OF FOREIGN AFFAIRS IS INCLINED TO COOPERATE WITH USG IN REMOVING THE CHILEAN DISCRIMINATION, HE AND GORMAN SEE NO EVIDENCE THAT MINISTRY OF TRANSPORTATION, WITH WHICH THEY DEAL, HAS ANY INTENTION OF ENDING THE DISCRIMINATION. VIADA FURTHER CITES NEARLY DAILY PHONE CALLS FROM CSAV CHILEAN LINE OFFERING TO ENTER INTO A 50/50 CARGO SHARING AGREEMENT WITH PRUDENTIAL AS ONE "PERMANENT SOLUTION" TO THE PROBLEM.

3. DEPARTMENT AND CONCERNED USG AGENCIES REALIZE THAT FROM PRUDENTIAL'S POINT OF VIEW, ANY DELAY IN RESOLVING THE PROBLEM IS UNACCEPTABLE, AND WHILE APPRECIATING THAT ENDING THIS DISCRIMINATION IS DIFFICULT AND EMBARRASSING FOR THE GOC, WE MUST AGREE WITH PRUDENTIAL THAT PRESENT SITUATION CANNOT BE ALLOWED TO CONTINUE INDEFINITELY. WE ARE CONCERNED THAT GOC MAY CONTINUE TO GRANT WAIVERS TO PRUDENTIAL FOR CERTAIN HIGH VALUE AND HIGH VISIBILITY CARGO, SUCH AS THE FRUIT SHIPMENTS, WHILE AT THE SAME TIME DENYING WAIVERS ON OTHER CARGOES. THIS AND THE RECENTLY INAUGURATED CHARTER SERVICE TO U.S. WEST COAST WILL HAVE THE EFFECT OF DENYING CARGOES TO PRUDENTIAL, LYKES AND THIRD-FLAG CARRIERS, WHICH THEY MIGHT HAVE OTHERWISE CARRIED, THEREBY, FURTHER ENCOURAGING CHILEAN VESTED INTERESTS IN THEIR SUPPORT AND EVEN DEPENDENCE ON CHILE'S EXPORT CARGO PREFERENCE POLICIES.

4. WE BELIEVE THAT CHILEAN COMMERCIAL AND GOVERNMENT OFFICIALS INVOLVED IN THIS MATTER CORRECTLY REALIZED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 298270

THAT HAD WAIVERS NOT BEEN GRANTED FOR THE CARRIAGE OF CHILEAN FRUIT TO THE U.S. WEST COAST, COUNTERVAILING ACTION BY THE USG WOULD HAVE BEEN EXTREMELY LIKELY. IT IS NOW NECESSARY THAT THE CHILEANS BE MADE TO UNDERSTAND THAT THE USG WILL NOT ACCEPT CONTINUED DELAYS IN FINDING A PERMANENT SOLUTION TO THE PRESENT SITUATION, WHEREIN CERTAIN CARGOES ARE MADE AVAILABLE TO PRUDENTIAL WHILE OTHERS ARE BECOMING INCREASINGLY UNAVAILABLE TO PRUDEN-

TIAL AND LYKES AS WELL AS OTHER CARRIERS SERVING THE CHILE/U.S. TRADE.

5. BY PARA 1 REFTTEL, EMBASSY REPORTS FURTHER PLANS FOR CHILEAN NORTH-BOUND SERVICE TO U.S. WEST COAST. HOWEVER, WE NOTE THAT GORMAN APPARENTLY HAS NOT INFORMED EMBASSY EXTENT TO WHICH THIS SERVICE HAS BEGUN TO DENY CARGOES TO PRUDENTIAL.

6. ACTION REQUESTED: IF EMBASSY HAS NOT ALREADY DONE SO, PLEASE CONVEY TO CHILEAN OFFICIALS THAT WHILE WE WELCOME THE WAIVER PROVIDED TO PRUDENTIAL FOR THE CARRIAGE OF FRUIT AND PRODUCE ON THE SANTA CLARA AND WHILE WE WOULD EXPECT THAT PRUDENTIAL WILL BE ALLOWED TO CARRY THE OTHER 10 FRUIT AND PRODUCE SHIPMENTS IT HAD PLANNED THROUGH MAY, 1976, THIS "TEMPORARY SOLUTION" IS INADEQUATE, AND DOES NOT END THE BASIC DISCRIMINATORY SITUATION IN THE CHILE/U.S. TRADE. EXPLAIN TO GOC THAT GRANTING SELECTIVE WAIVERS TO CERTAIN U.S. CARRIERS FOR CERTAIN SHIPMENTS WHILE MAINTAINING OVERALL EXPORT CARGO PREFERENCE POLICY IS NOT AN ADEQUATE SOLUTION TO THE PROBLEM. THE FACT REMAINS THAT U.S. AND THIRD-FLAG CARRIERS ARE BEING DENIED CHILE/U.S. CARGOES UNDER THE PRESENT CHILEAN POLICY. IF THIS SITUATION CONTINUES WITH NO EVIDENCE OF A PERMANENT SOLUTION, IT IS VERY LIKELY THAT THE USG WILL FIND IT NECESSARY TO CONSIDER THE ACTIONS AVAILABLE UNDER U.S. LAW TO COUNTER DISCRIMINATION (AS OUTLINED REF B).

7. EMBASSY PLEASE CHECK AGAIN WITH GORMAN ON HIS ASSESSMENT OF THE EXTENT TO WHICH CHARTERED SERVICE TO U.S. WEST COAST IS DENYING CARGOES WHICH WOULD OTHERWISE BE AVAILABLE TO PRUDENTIAL. KISSINGER
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 298270

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISCRIMINATION, MARINE TRANSPORTATION, LAW
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE298270
Document Source: CORE
Document Unique ID: 00
Drafter: SVSMITH:EW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750440-0850
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751230/aaaabaiu.tel
Line Count: 154
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 SANTIAGO 8408, 75 STATE 272393
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by ElyME>; APPROVED <19 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DISCRIMINATORY SHIPPING DECREE
TAGS: EWWT, CI, PRUDENTIAL LINES
To: SANTIAGO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006